

## Environmental Enforcement Inspection Program Audit program

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FIELD WORK AUDIT PROGRAM AND RESULTS FILE  
9723APRD

**Auditor:** Moreno, Brouchoud  
**Date:** 1/28/00

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**APPROVED:**

**DATE:**

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### **OBJECTIVE D: TO EVALUATE THE EFFECTIVENESS OF INTERNAL CONTROLS OVER THE ENVIRONMENTAL ENFORCEMENT INSPECTION PROGRAM**

(720 hours)

**D-1 SUB-OBJECTIVE:** Verify controls over the Facility Inspection database.

**D-1.1** Verify controls over the accuracy and completeness of the facility list compiled by the Facility Inspection database. [T-1]

1. Document procedures for ensuring that the database is complete and accurate. Verify that Environmental Enforcement staff periodically crosschecks the database to other City databases. Document procedures and the approval process for adding and removing facilities from the inspection list.

**Documented procedures. See w/p# D-0/3-2, D-0/4-2 and D-1.1/1-1.**

2. Verify that (1) Environmental Enforcement (EE) routinely reviews updated lists from the Finance Business License database; (2) the Admin Staff reviews the report, keys appropriate changes and initiates computer upgrade; and (3) updates the inspection assignment list. [C-1, C-2, C-3, C-4]

**See w/p# D-1.1.2/1-1 and D-1.1.2/2-3.**

3. Document procedures for updating the facility list with the State's list of new NOI filers. [C-8, C-21]

**See w/p# D-1.1.3/1-1.**

4. Verify that EE routinely reviews updated lists from periodic reviews of yellow pages, reverse address directories, business directory compact disks, and inspector referrals. Verify that Admin Staff reviews these changes, keys appropriate changes into the FI database, and updates the inspection assignment list. [C-1, C-2]

**See w/p# D-1.1.4/1-1.**

5. Document that EE sends corrected SIC codes to the Finance Department's Business License Database. Verify that Finance records these changes.

**See w/p# D-1.1.5/1-1.**

6. Contact the County, Fire, PBCE, Finance, and the Sewer Use Database to research sources of accurate SIC information. Per memo dated..., this audit step was modified to: "Contact other municipalities for information on their stormwater programs and inspection tracking methods."

**See w/p# D-1.1.6/1-1 through w/p# D-1.1.6/8-1.**

7. Document that the State Board sends information on NOIs and SWPPPs to Environmental Enforcement, and that EE routinely enters this information into the database, and updates the inspection assignment list. [C-7]

**See w/p# D-1.1.3/1-2 and D-1.1.3/2-1.**

8. Compare the State's NOI list to the City's list. Note any differences and compare both lists to the City's current Business License database. [C-8, C-21]

**See w/p# D-1.1.8/1-1.**

9. Spot check SIC coding in the database to other evidence.

**See w/p# D-1.1.9/1-1.**

10. Compare the ICID database with the FI database to ensure industrial/commercial facilities on the ICID database are also on the FI database.

**Audit step postponed to subsequent audit.**

11. Visually verify a limited sample of the following information on the FI database to determine the following:
  - Facilities classified as exempt from future inspections due to a move, out of business, or out of San Jose, are correctly classified.
  - Qualifying facilities are on the inspection list. Visually verify that facilities on the Business License database, with qualifying SIC Codes, are also on the FI database.
  - Archived facilities are correctly archived.

**Documented database design and overall content. See w/p# D-1.1.11/1-1 and D-1.1.11/2-1.**

**Documented qualifying facilities on the inspection list. See w/p# 1.1.11/3-1.**

**Conducted sample testing and visual verification testing. See w/p# D-1.1.11/8-1 through D-1.1.11/10-1.**

**D-1.2** Verify controls over the accuracy and completeness of inspection results compiled by the FI database. [T-17]

1. Document procedures for entering inspection information and enforcement actions in the database. Note the timeliness and completeness of data entry. [C-13]

**Documented procedures for entering inspection information. See w/p# D-0/3-3.**

**Documented procedures for entering enforcement actions in the database. See w/p# D-0/4-4.**

2. Verify adequacy of controls over data entry (password protection).

**See w/p# D-2.1.5/4-3. (more?)**

3. Randomly select 50 non-significant and 25 significant case files from FY 1998-99. Compare the hard copy case file to the database file to note differences in the following:
  - SIC codes
  - NOI/SWPPP status [C-10, C-11]
  - Corrective actions
  - Dates. [C-22]

**See w/p# D-1.2.3/1-1 through D-1.2.3/3-1.**

4. Verify that EE identifies and reports facilities requiring an NOI (who have not filed) to the State. Compare the database's list of "Facilities that have not filed an NOI but should have" to the 98-99 URMP report (Note: The URMP reported 224 Mandatory facilities and 80 Conditional facilities did not file an NOI, but should have). [C-12]

**See w/p# D-1.2.4/1-1.**

5. Analyze the databases to determine:

- If pretreatment/UR inspections require several follow-ups from UR inspectors. Verify approval of SC inspector cases.

**See w/p# D-3.2/3-3.**

- If ICID cases for commercial/industrial facilities are entered into the FI database.
- If County referrals for restaurant inspections are entered into the ICID database. [C-7]
- If food service cases that are not County Health referrals, result in ICID cases.
- Audit steps postponed to subsequent audit.

**D-1.3 Summarize sub-objective results:**

1. Overall assessment and/or conclusion;
2. Audit issues and/or findings; If information comes to auditor's attention indicating that abuse or illegal acts may have occurred, the Auditor-in Charge will immediately notify the City Auditor and the Supervising Auditor. Audit steps will be extended as necessary and the auditor should determine the extent to which these acts significantly affect the audit results. (Audit standards FWS 3A and 3B).

**D-2 SUB-OBJECTIVE: Verify that the required inspection frequency is met.**

**D-2.1 Verify controls over the accuracy of inspection frequency assignments. [T-2]**

1. Document procedures for determining the inspection frequency and scheduling process.
  - Documented inspection frequency and scheduling procedures. **See w/p# D-2.1/2-1.**
2. Obtain and analyze the list of facilities due for inspection during the fiscal year. Verify that the facilities are (1) new facilities added during the previous year, (2) existing facilities due for inspection, or (3) facilities carried over from the previous year that were not inspected. [C-2]

**See w/p# D-2.1.2/1-1 and D-2.1.2/2-1.**

3. Review the inspection assignments and compare them to the database to see if the assignments prioritize inspections by the type of facility.

**See w/p# D-2.1.2/3-1, D-2.1.3/1.1-1, D-2.1.3/2-1 and w/p# D-2.1.3/3-1 through D-2.1.3/6-1.**

1. Verify that all facilities requiring an annual inspection are on the list. [C-2]

**See w/p# D-2.1.3/1-1.**

4. Compare actual inspection frequency to the required federal, state, and regional inspection frequency requirements. [C-3]

**See w/p#**

5. Analyze the FI database for the following:

2. Compare inspection dates by facility type. Identify length of time between inspections and compare inspection due date with actual inspection date.

**See w/p# D-2.1.2/3-2.**

3. Verify that pretreatment/UR facilities in San Jose are inspected according to schedule. [C-5]

**See w/p# D-2.1.5/2-1, D-2.1.5/3-1, and D-2.1.5/4-2.**

6. Verify that EE construction sites (routinely inspected by two EE inspectors) are tracked by the ICID or FI database. Contact PW to see if PW staff inspects these sites.
4. Audit step postponed to subsequent audit.
7. Contact the Health Department to see how many inspections they conduct for San Jose and verify their process for documenting inspections. Verify the referral process with the Regional Board to ensure the process is appropriate and acceptable. [C-6]

**See w/p# D-2.1.7/1-1 through D-2.1.7/6-1.**

## **D-2.2 Summarize sub-objective results:**

3. Overall assessment and/or conclusion;

Audit issues and/or findings; If information comes to auditor's attention indicating that abuse or illegal acts may have occurred, the Auditor-in Charge will immediately notify the City Auditor and the Supervising Auditor. Audit steps will be extended as necessary and the auditor should determine the extent to which these acts significantly affect the audit results. (Audit standards FWS 3A and 3B).

**D-3 SUB-OBJECTIVE:** Evaluate the effectiveness and consistency of enforcement actions, and ensure that facilities comply in a timely manner.

**D-3.1** Verify that EE inspectors consistently identify violations and issue appropriate enforcement actions. [T-10, T-11, T-12, T-13, T-14, T-15, T-16]

1. Document procedures to:
  - Determine appropriateness and completeness of direction. [C-14]
  - Determine appropriate steps to resolve, review, and close cases [C-16]
  - Compare EE procedures to Code Enforcement procedures for identifying violations and issuing corrective actions. [C-17]

**Documented procedures. See w/p# D-0/4-3, D-0/4-2 and D-3.1.1/1-1.**

2. Document training programs for EE inspectors. Note training areas covering violations and enforcement actions. [C-18, C-19]

**See w/p# C-3/2-4.**

3. Analyze the database to:
  - Identify the use of violations and corrective actions. Identify frequency of the different violations and any variance in enforcement actions taken. [C-13]

- Identify the range of time it takes for facilities to comply with the corrective actions.
- Compare database information to the hard copy files for 25 cases to verify that inspectors issue enforcement actions according to procedures. Note if similar violations are treated differently. [C-14, C-15, C-17]

**See w/p# D-3.1.3/1-1 and w/p# D-3.1.3/2-1.**

**D-3.2** Evaluate the effectiveness of the inspection program in ensuring that facilities implement all corrective actions in a timely manner [T14, T-15]

- Document procedures for follow-up on corrective actions. Note if timeframes for compliance are included. [C-20]
- Documented follow-up procedures. Timeframes are not noted in procedures. See w/p# D-0/3-2.
- Review documentation of 25 inspection case files from the last 3 years. Are there any outstanding issues?

**See w/p# D-3.2/1-1 through D-3.2/3-1.**

**D-3.3** Summarize sub-objective results:

1. Overall assessment and/or conclusion;
2. Audit issues and/or findings; If information comes to auditor's attention indicating that abuse or illegal acts may have occurred, the Auditor-in Charge will immediately notify the City Auditor and the Supervising Auditor. Audit steps will be extended as necessary and the auditor should determine the extent to which these acts significantly affect the audit results. (Audit standards FWS 3A and 3B).

**D-4 SUB-OBJECTIVE:** Evaluate the effectiveness of the ICID program in providing a timely response and resolution to ICID cases.

Note: Audit step, D-4, postponed to subsequent audit.

**D-4.1** Verify that EE prioritizes and responds to ICID cases within five working days.

1. Document procedures for the following:
  - Recording and intaking ICID complaints [C-25, C-27, C-31]
  - Assigning ICID cases to appropriate inspectors. [C-26]
  - Documented procedures for recording and intaking complaints. See w/p# D-0/4-1.
  - Documented procedures for assigning ICID cases. See w/p# D-0/3-1.
2. Analyze the ICID database for the following:
  - Compare the in-take date to the inspection date, noting the average length of response time, and occurrences in which the response was greater than five working days. Also note if response times correspond to case priority. [C-23, C-24]
  - Verify that complaint resolutions are routinely entered for each case. [C-27]

**D-4.2** Summarize sub-objective results:

1. Overall assessment and/or conclusion; Audit issues and/or findings; If information comes to auditor's attention indicating that abuse or illegal acts may have occurred, the Auditor-in Charge will immediately notify the City Auditor and the Supervising Auditor. Audit steps will be extended as necessary and the auditor should determine the extent to which these acts significantly affect the audit results. (Audit standards FWS 3A and 3B).

**D-5 SUB-OBJECTIVE:** To evaluate internal controls over ICID inspection results and database tracking.

Note: Audit step, D-5, postponed to subsequent audit.

**D-5.1** Verify that EE inspectors consistently identify violations and issue appropriate enforcement actions.

1. Document procedures to:
  - Determine appropriateness and completeness of direction. [C-29]
  - Determine appropriate steps to resolve, review, and close cases. Note if timeframes for compliance are included.
  - Compare EE procedures to Code Enforcement procedures for identifying violations and issuing corrective actions.

**Documented procedures. See w/p# D-0/4-2 and D-0/3-2. Still need to compare with Code Enforcement.**

2. Document training programs for EE inspectors. Note training areas covering violations and enforcement actions. [C-29]
3. Analyze the database to:
  - Identify the use of violations and corrective actions. Identify frequency of the different violations and any variance in enforcement actions taken.
  - Identify the range of time it takes for facilities to comply with the corrective actions. [C-30]
4. Review documentation of 50 inspection case files from FY 1998-99. Determine the following:
  - Are there any outstanding issues? Verify that cases were resolved according to the corrective actions and due dates. [C-30]
  - Verify that inspectors apply corrective actions consistently for similar cases.
  - Compare case files to the ICID database, noting differences in corrective actions and dates.

**D-5.2** Evaluate the completeness and accuracy of the ICID database.

1. Document procedures for the following:
  - Updating the database with case information
  - Adding and removing case files from the database
  - Receiving ICID referrals and how each type of referral method is entered into the database and tracked.

**Documented procedures. See w/p# D-0/4-1.**

2. Document progress towards linking the ICID database with DST.

3. Analyze the ICID database for the following:

- Verify that closed cases are resolved.
- Use case files selected in Sub-objective 4 to compare information in the database to information in the case files.
- Verify adequacy of controls over data entry (password protection).

**D-5.3** Summarize sub-objective results:

1. Overall assessment and/or conclusion; Audit issues and/or findings; If information comes to auditor's attention indicating that abuse or illegal acts may have occurred, the Auditor-in Charge will immediately notify the City Auditor and the Supervising Auditor. Audit steps will be extended as necessary and the auditor should determine the extent to which these acts significantly affect the audit results. (Audit standards FWS 3A and 3B).

**D-6** SUB-OBJECTIVE: To ensure that the Urban Runoff Program is in compliance with applicable municipal codes and regulations; and that controls are adequate and complete.

**D-6.1** Obtain and review applicable municipal code requirements that apply to this particular program.

**D-6.2** If necessary develop compliance tests to ensure compliance with the municipal code. Investigate any reasons for exceptions.

**D-6.3** Review identified threats and controls for apparent areas of exposure.

1. Obtain and review purported controls to ensure they are adequate and complete.
2. Identify any controls that are superfluous and unnecessary, or not cost-effective.

We tested the following controls regarding the Program's Access database used to track and assign facility inspections:

- Program management's supervision, oversight, and monitoring of the database (w/p# C-3/1-5). Program management no longer requests database reports from Program staff (w/p# C-3/3-3).
- Assignment of responsibility for updating and maintaining the database (w/p# R1: C-3/3-1).
- Approval of inspection information inputted into the database. We found a lack of documented approval of inspections reports (w/p# R1: D-1.2.3/2-1)
- Procedures for updating and maintaining the database (w/p# D-1.1/1-1 and R2: C-3/3-3).
- Tables used in the database (w/p# D-1.1.11/1-1).
- Frequency of updating the database and comparison of the ESD database to other City databases (w/p# D-1.1/1-1).
- Comparison of the database to other State databases (w/p#D-1.1.3/1-1).
- The review and control of source transactions to ensure completeness and prevent error. Errors in this process lead to database errors such as duplicate facility entries. (See w/p# D-1.1.11/6-4).

- We did not test the physical security of the database including restrictions on access and password protection (w/p# D-2.1.5/4-

**D-6.4 Summarize sub-objective results:**

- Overall assessment and/or conclusion;
- Audit issues and/or findings;
- If information comes to auditor's attention indicating that abuse or illegal acts may have occurred, the Auditor-in Charge will immediately notify the City Auditor and the Supervising Auditor. Audit steps will be extended as necessary and the auditor should determine the extent to which these acts significantly affect the audit results. (Audit standards FWS 3A and 3B).

**D-7 SUB-OBJECTIVE: SUMMARIZE RESULTS OF OBJECTIVE**

**D-7.1** Prepare preliminary Finding Development Sheets as appropriate. Submit all new or revised Finding Development Sheets to City Auditor with APR according to established bi-weekly schedule. Evaluate whether additional audit steps are required to develop the elements of a complete finding. At the next bi-weekly meeting, discuss the preliminary findings, or the lack thereof, with the City Auditor to assess whether to revise, expand or drop subsequent audit objectives and audit steps.

**See w/p# A-4/1-1.**

**D-7.2** Prepare interim reports to auditee as necessary. (Audit Standard RS-2.2)

N/A

**D-7.3** Complete numbering, labeling, and cross-indexing of workpapers, APR, workpaper index, and other audit documents. (Procedure 5-02)

**Completed.**

**D-7.4** In-charge Review of workpapers, APR files, and indexes prepared by others. Respond to reviewer's notes as necessary. (File at A-12)

**Completed. Notes N/A.**

**D-7.5** Schedule Supervising Auditor review of workpapers and APR files. Respond to reviewer's notes as necessary. (File at A-13)

**Completed. Notes N/A.**

**D-7.6** Schedule Second Audit Standards Review after final phase of fieldwork. (Procedure 5-01, Section IV-3.2) Respond to reviewer's notes as necessary. (File at A-11)